



Bart L. Graham
Commissioner

State of Georgia
Department of Revenue

Suite 15300
1800 Century Boulevard
Atlanta, Georgia 30345
(404) 417-2100

NOTICE

RE: (I) Repeal of current Rule 560-12-2-.34 "Employees' Meals." and adoption of new Rule 560-12-2-.34 "Employees' Meals or Beverages."

(II) Repeal of current Rule 560-12-2-.63 "Machinery, Replacement Manufacturing. Amended."

(III) Repeal of current Rule 560-12-2-.100 "Orphans' Homes Operated as Nonprofit Organizations" and adoption of new Rule 560-12-2-.100 "Child-caring Institution, Child-placing Agency, or Maternity Home."

(IV) Adoption of new Rule 560-12-3-.22 "Application for Certificate of Exemption for a Child-caring Institution, Child-placing Agency, or Maternity Home."

(V) Amendment of current Rule 560-12-2-.106 "United States Government Defense Contractors."

TO ALL INTERESTED PERSONS AND PARTIES:

In compliance with O.C.G.A. § 50-13-4, the Georgia Department of Revenue gives notice that it proposes to amend Chapter 560-12-2 of the Rules and Regulations of the State of Georgia by repealing Rule 560-12-2-.34, entitled "Employees' Meals." and adopting in its place new Rule 560-12-2-.34, entitled "Employees' Meals or Beverages."

The Department also proposes to amend Chapter 560-12-2 by repealing Rule 560-12-2-.63, entitled "Machinery, Replacement Manufacturing. Amended." There shall be no rule adopted in its place at this time.

The Department also proposes to amend Chapter 560-12-2 by repealing Rule 560-12-2-.100, entitled "Orphans' Homes Operated as Nonprofit Organizations" and adopting in its place new Rule 560-12-2-.100, entitled "Child-caring Institution, Child-placing Agency, or Maternity Home."

The Department also proposes to amend Chapter 560-12-3 by adopting new Rule 560-12-3-.22, entitled "Application for Certificate of Exemption for a Child-caring Institution, Child-placing Agency, or Maternity Home."

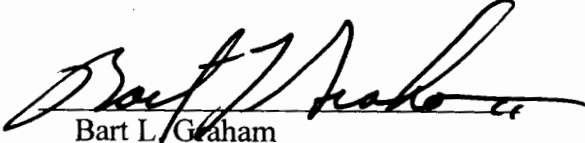
The Department also proposes to amend Chapter 560-12-2 by amending Rule 560-12-2-.106, entitled "United States Government Defense Contractors."

Attached with this notice are exact copies and synopses of the proposed rules. The proposed rules are being adopted and/or repealed under the authority of O.C.G.A. §§ 48-2-12 and 48-8-3(34).

The Department of Revenue shall consider the adoption and/or repeal of the above referenced proposed Rules at 10:00 a.m. on July 6, 2006 in Suite 15300 of the Department's headquarters at 1800 Century Blvd. NE, Atlanta, GA 30345-3205.

The Department must receive all comments regarding the above referenced proposed Rules from interested persons no later than 10:00 a.m. on July 6, 2006. Written comments must be sent to: Commissioner, Georgia Department of Revenue, 1800 Century Blvd. N.E., Suite 15300, Atlanta, GA 30345-3205. Electronic comments must be sent to regcomments@dor.ga.gov. Facsimile comments must be sent to (404) 417-6651. **Please reference "Notice Number SUT-2006-2" on all comments and include the specific Rule number(s) for which the comments apply.**

Dated: June 2, 2006


Bart L. Graham
Commissioner, Department of Revenue

SYNOPSIS

GEORGIA DEPARTMENT OF REVENUE SALES AND USE TAX DIVISION

CHAPTER 560-12-3 FORMS (FORMS APPLICABLE TO SALES AND USE TAX)

560-12-3-.22. Application for Certificate of Exemption for a Child-caring Institution, Child-placing Agency, or Maternity Home.

Proposed Rule 560-12-3-.22 identifies the form that a qualifying child-caring institution, child-placing agency, or maternity home must use to apply for the exemption provided for under O.C.G.A. § 48-8-3(41).

**RULES
OF
DEPARTMENT OF REVENUE
SALES AND USE TAX DIVISION**

**CHAPTER 560-12-3
FORMS
(FORMS APPLICABLE TO SALES AND USE TAX)**

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560-12-3-.22. Application for Certificate of Exemption for a Child-caring Institution, Child-placing Agency, or Maternity Home.

Form ST-CH-1: A nonprofit licensed child-caring institution, child-placing agency, or maternity home must file this application to obtain the exemption described in O.C.G.A. § 48-8-3(41).

Authority O.C.G.A. § 48-2-12.

(DATE APPROVED)

APPLICATION INSTRUCTIONS

- Provide the legal business name, business location/street address, city, state, and zip code, and telephone number of the child-caring institution, child-placing agency, or maternity home.
- Provide the "Doing Business As Name" (d/b/a) (if applicable), mailing address, city, state, and zip code of the child-caring institution, child-placing agency, or maternity home.
- Provide the Federal Employer Identification Number, Georgia Withholding Tax Number, and the date the taxpayer first operated in Georgia.
- Check the appropriate type of nonprofit operation (e.g., child-caring institution, child-placing agency or maternity home).
- Check the appropriate type of ownership for the taxpayer whose application is being submitted for consideration.
- Primary Business Activity Percentage: The taxpayer applying for an exemption must complete the expense worksheet (shown below) and enter the percentage of expenses derived from the eligible business activity on this line. In order to qualify for the exemption, eligible expenses must exceed fifty-percent (50%).
- Check *yes* or *no* depending upon whether the taxpayer applying for exemption generates sales. If yes, provide a description of the items being sold and the frequency of sales.
- Check *yes* or *no* depending upon whether the taxpayer applying for exemption rents or leases real property. If yes, provide the name, address and contact information of the real property lessor.
- Check *yes* or *no* depending upon whether the taxpayer applying for exemption is licensed by the Georgia Department of Human Resources. If yes, provide a copy of the license.
- Check *yes* or *no* depending upon whether the taxpayer applying for exemption is operating under a nonprofit charter approved by the Internal Revenue Service. If yes, provide a copy of the Internal Revenue Service's letter of determination.

Primarily Engaged in Providing Child Services Expense Worksheet

O.C.G.A. § 48-8-3(41) provides for an exemption from Georgia sales and use tax for certain nonprofit child-caring institutions, child-placing agencies, or maternity homes that are engaged primarily in providing child services. The determination of whether a taxpayer is "engaged primarily in" providing child services will be determined based upon the amount of eligible expenditures incurred for the child services and activities by the child-caring institution, child-placing agency, or maternity home. This requirement will be deemed to have been met when eligible expenses incurred exceed fifty-percent (50%).

INSTRUCTIONS: A TAXPAYER MUST COMPLETE ALL SECTIONS.

Section 1. Total fiscal year expenses of the child-caring institution, child-placing agency, or maternity home.

1. _____

Section 2. Identifiable fiscal year operating expenses attributable to providing child services.

2. Annualized mortgage or lease payment (rent) 2. _____

3. Purchases of fixed assets 3. _____

4. Consumable items (food, clothes, and other care expenses) 4. _____

5. Salaries, wages, and benefits 5. _____

6. Insurance, office, and medical expenses 6. _____

7. Utilities 7. _____

8. Travel/Transportation 8. _____

9. Contractor, Consulting, or Professional Service Fees 9. _____

10. Other (directly related to child services)_____ 10. _____

11. Total (Lines 2 through 10) 11. _____

12. Enter percentage (Line 11 divided by Line 1) 12. _____

The percentage on Line 12 must exceed fifty-percent (50%) in order to be considered as primarily engaged in providing child services.